Wesley Black to Head New Welfare Department

Organization Plans Hinted in Estimates

By ALEC MERRIMAN

Provincial Secretary Wesley Black will be the minister of the new department of social welfare, estimates tabled in the legislature by Premier Bennett, doubling as minister of finance, indicated yesterday.

The estimates list the welfare minister paid as provincial secretary and also his secretary as paid by the provincial secretary's department.

The estimates indicate Mr. Black will hold down three cabinet portfolios — provincial secretary, municipal affairs minister and welfare minister.

STARTS APRIL 1

The estimates allow for a $23,057,527 budget for the new welfare department which will come into operation April 1.

It was created by taking the welfare branch from the health and welfare department and giving that department the mental health branch, which was under the provincial secretary.

Mental health now comes under the reorganized department of health services and hospital insurance, which is expected to continue under direction of Health Minister Martin.

That department has a total budget of $47,529,966.

That is an increase of $1,544,030 over the 1958-59 estimates and $1,166,512 of that will go to the provincial mental hospitals with a budget of $9,588,465. The estimates showed the government plans to hire 268 more staff for mental hospitals.

Under the welfare department, social assistance grants will be increased by $661,000 to $15,609,000.

Under health services, tuberculosis control staff will be cut by 151 persons.

SERVICE COSTS

Hospital insurance services in British Columbia are estimated to cost $49,476,847 during the year ending March 31, 1960, an increase of $7,980,365 over estimated costs for the year ending next March 31.

The 1959-60 fiscal year will be the first full year of federal government participation in the scheme, and the federal share will be $19,722,500, leaving B.C. to pay $29,754,347 from social service tax revenues, $769,865 more than estimates showed it would pay during the year ending March, 1959.

Premier To Get Assistant

Estimates for the premier's office make allowance for $10,500 for an executive assistant, which would indicate the premier will soon appoint an assistant to replace Ronald Worley, who resigned late last year.

There has been much speculation about who the premier will pick for the job and some prominently mentioned are William Clancy, the premier's personal public relations man outside of Victoria; Derek Inman of Vancouver, who is now an aide-de-camp to the Lieutenant-Governor, and the premier's personal friend of many years' standing, Waldo Skillings.

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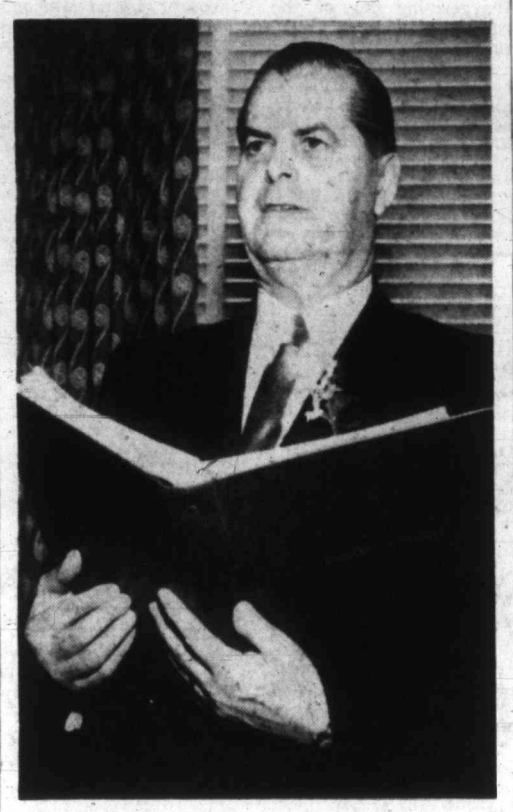

PREMIER BENNETT AND BIG BUDGET

Population 1,544,000

British Columbia's population increased to 1,544,000 in 1958, from 1,487,000 in 1957, Premier Bennett said in his budget address.

Now PGE All Run By Radio

The Pacific Great Eastern Railway will be the first railroad in North America to be entirely directed by radio, Premier Bennett said yesterday.

He said all trains operating on the 792-mile system are now radio-equipped.

"The microwave system installed to provide control of the railroad also gives, for the first time, a high-capacity telephone system directly from Vancouver to Prince George, Dawson Creek and Fort St. John," he said.

The system, designed by PGE staff, uses new techniques to handle an extremely difficult route through the Rocky Mountains, the Cariboo and the Coast Range.

During the past few years the PGE has made an operating profit each year, and after depreciation and interest on its bonds, has shown a net profit, the premier said.

Crippled Drivers Benefit

About 15 Greater Victoria residents will benefit by Premier Bennett's budget proposal to refund nine out of every 10 cents gasoline tax to permanently confined wheelchair cases who are licensed motorists.

The rebate would mean an estimated saving of $30 to $35 a year, one resident here said. Proposed tax relief for wheelchair motorists apparently followed a campaign by the B.C. Division of the Canadian Paraplegic Association.

The handicapped drivers wrote to MLAs asking support for the tax rebate, on suggestion of the paraplegic association.

Tight Money Shackles B.C. Says Bennett

British Columbia's current production and industrial expansion are still shackled by Canada's tight money policy, ruinous debt-refunding operations involving excessive interest rates, and dollar exchange barriers, Premier Bennett said in his budget address.

But, he said, industrial production in British Columbia is gaining a momentum which by mid-1959 might compare favorably with the boom conditions of 1956.

Still striking at the federal government, the premier said, "So short of funds is our own domestic market that provinces and their municipalities are compelled to borrow in the United States.

"As matters now stand, Canada, in effect, is relying on foreign capital to pay for current imports, for the means of economic development, and frequently for interest on borrowed money.

'FOREIGN DOMAIN'

"A well-managed easy-money policy would remove exchange losses for our exporters and borrowers and vastly promote domestic industry and thereby lessen foreign domain over our enormous wealth of natural resources," he said.

The premier forecast for 1959 an increase in sales, a moderate increase in prices with regard to the product and the cost of materials used, and a slight increase in both employment and "after-tax" profits.

But, he warned, a substantial increase in provincial revenue yields from a resumption of normal industrial production, or from its expansion, may not be anticipated much before the third quarter of the calendar year.

'HUMAN VALUES'

The premier said the economic policies followed by the Social Credit government have enabled the province to develop so it could support the record $300,000,000 budget he brought down yesterday.

"It is a budget where emphasis is on human values," he said.

"Ways and means have been provided to alleviate unemployment, particularly in the slack seasons, and recognition is given to the rapidly-growing needs of welfare, social assistance and educational services."

Sharing Formula Unchanged

No Joyful Cries Over Aid Increase

Increased provisions in Premier Bennett's budget for education and municipal aid brought no cries of joy last night to the lips of elected representatives of local taxpayers.

The premier's budget showed education, the biggeset single expense faced by British Columbians this year, would cost the provincial government $62,071,710 in the year ending March 31, 1960, up $7,401,710 over last year.

But it gave no sign of a new formula for cost-sharing between the province and the municipalities.

NO CHANGE

Similarly, the premier said $72,000,000 allotted for direct and indirect municipal aid in 1959-60 was an increase of $9,400,000 over the amount provided in 1958-59, but gave no indication of heeding the request of B.C. municipalities for a new division of financial responsibilities.

Reeve C. A. P. Murison of North Cowichan, president of the Union of B.C. Municipalities, declined yesterday to comment, although he agreed that it didn't sound as if there had been a change in the cost-sharing formulas.

But Acting Mayor Arthur Dowell of Victoria said it was "obvious that nothing has been done about the municipalities' ideas.

"That's disappointing," he said.

'ROW OF BEANS'

Reeve George Chatterton of Saanich said the increase in aid "doesn't seem to amount to a row of beans."

Reeve A. C. Wurtele of Esquimalt said it was disappointing that the provincial government had not taken some step toward acceptance of the municipalities' proposals.

Trustee William Gelling, chairman of the finance committee of the Greater Victoria school board, wanted to see details before commenting, but said he certainly hoped there would be some assistance to the local taxpayer.

NO SIGN OF RELIEF

"There doesn't seem to be any relief in sight," said former finance chairman Trustee Kenneth Leeming.

Premier Bennett said 31 per cent of the province's entire cost of current services would be spent on direct and indirect aid to municipal governments.

He said the municipal per-capita grant would amount to $55.93, up from $50.65, and that fiscal aid to local governments exceeded that in any other province.

Direct grants, his budget showed, will include $11,100,000 for roads and bridges, and indirect aid includes:

Social assistance, $6,551,000 ($4,732,000 last year); indigent medical services, $2,017,000 ($1,730,000); hospital care of social assistance cases, $5,060,000 ($4,080,000); elimination of per diem hospital charges, $1,165,000 ($1,120,000); local roads, $250,000 (unchanged); government contribution in municipal superannuation, $100,000 (new); interest guarantee on superannuation contribution, $90,000 (new); homeowner subsidy, $6,300,000 ($5,456,000).

The premier's budget showed education grants rising by $6,000,000, or nearly 14 per cent.

Local school budgets have increased from $10,500,000 in 1939-40 to an estimated $102,000,000 in the coming year, about $10,000,000 more than the whole provincial revenue for 1948-49.

Departmental Estimates

Original appropriation for government departments in the current year and estimated expenditures for 1959-60:

1958-59		1959-60
$ 12,327,714	Public debt	$ 13,108,970
360,852	Legislation	362,652
58,869	Premier's office	60,446
1,913,099	Agriculture	2,674,053
9,824,671	Attorney-general	10,667,448
$4,670,000	Education	62,071,710
23,626,164	Finance	26,825,521
45,985,936	Health Service and Hospital Insurance	47,529,966
16,969,747	Highways	17,347,765
709,527	Industrial development, trade and commerce	698,957
862,254	Labor	818,651
12,223,500	Lands and forests	12,153,097
878,512	Mines	896,925
160,106	Municipal affairs	159,100
4,789,210	Provincial secretary	5,415,261
328,582	Public Utilities Commission	314,695
4,460,512	Public works	4,508,516
65,956	Railways	62,645
2,292,893	Recreation and conservation	2,174,484
22,375,844	Social welfare	23,057,527
$215,883,948		$230,908,394

$84,000,000

Sales Tax Pays Third

British Columbia consumers, through the five per cent sales tax, will again this year pay nearly one-third of all the revenue collected in this province.

Premier Bennett estimated in his budget speech yesterday that $84,000,000 of the expected $287,775,423 revenue will come from the social services tax.

Actually revenue collections are expected to be higher than estimated, he said.

Next biggest source of revenue will be $65,939,104 from the federal tax rental agreement and then comes $30,100,000 from motor fuel and fuel oil taxes.

Natural resources taxes, including timber royalties, land leases and logging taxes from B.C.'s lands and forests, are expected to bring in $31,070,316.

Profit from sale of liquor through the Liquor Control Board is estimated at $26,600,000.

Mr. Bennett said he anticipates an increase in income of $20,298,054 during the fiscal year ending March 31, 1960, compared with the fiscal year which ends next month.

Subsidy Planned For Rural Power

Premier Bennett's budget made provision of $100,000 to subsidize, in part, rural electrification.

The premier didn't explain the new proposal, but he did indicate the B.C. Power Commission will undertake a major power project soon.

"The possibility of major future public power developments makes it advisable to raise the commission's borrowing powers by $50,000,000 to $300,000,000," the premier said.

Total borrowings of the commission are now $192,891,000. Another $15,000,000 worth of projects are in progress or planned.

Preparatory work toward the possible development of 51,500 horsepower on the Kokish River on northern Vancouver Island to meet 1962 estimated requirements is steadily being carried out.

Other projects the power commission has under study are the Homathko River development and the Clearwater development on the Fraser River system.

The premier indicated there is no need for a 12 per cent power rate increase which had been asked by the power commission late last year.

He read a letter from power commission external auditors Ismay, Boulton, Dunn & Co., which showed the commission had for the first nine months of 1958 an operating surplus of $218,000, instead of the $690,000 deficit originally estimated by the commission for the 12-month period ending March 31, 1959.

The surplus remained after a $500,000 deduction for the hydro deficiency reserve.

For the 12-month period, the auditors said, total provision for the reserve would be $800,000 as compared to the $488,000 contained in the commission's budget estimate for the year.

"It is reasonable to expect the commission will end its year with an operating surplus," the letter said.

"Certain irresponsible and unwarranted allegations, publicly made by the former general manager of the B.C. Power Commission (H. Lee Briggs) make it now necessary emphatically to state that they were in every respect false," the premier said.

Where Money Comes From

Estimated sources of revenue for the government in the current and next fiscal years:

1958-59		1959-60
$ 6,090,000	Property taxes	$ 6,015,000
109,800,000	Sales, hospital construction and pari-mutuel taxes	116,800,000
62,283,050	Federal-Provincial Tax Sharing Arrangements Act	65,939,104
56,858,000	Privileges, licences natural resources taxes or royalties	62,955,000
2,740,000	Land sales and service fees	3,510,000
600,000	Fines and penalties	700,000
750,000	Interest, discount, premium and exchange	500,000
2,981,319	Contributions from other governments	2,981,319
24,550,000	Contributions from government enterprises (liquor board)	27,050,000
		750,00
400,000	Miscellaneous revenue	575,00
425,000	Non-revenue and surplus receipts	
$267,477,369		$287,775,423

Shrinking Debt Frees Millions

Liquidation of the province's net direct debt before March 31, 1960, will allow the release for current services of $25,000,000 annually, Premier Bennett, who doubles as finance minister, said in his budget address yesterday.

The fruition of the government's debt redemption policy will, therefore, be the means of using millions upon millions of tax dollars between now and 1977, which otherwise would have had to be spent on debt charges, he said.

The premier said provision for a further supplementary sinking fund installment of $12,250,000 is contained in the main estimates for the coming fiscal year.

'TOTAL LIQUIDATION'

"That sum, added to the fixed annual installments and interest accruals, is deemed sufficient to enable the total liquidation of the net direct debt of the province," he said.

Net debt as at last Dec. 31 was $27,031,797, or $18 per capita.

Provincial government-guaranteed contingent liabilities as of last Dec. 31 stood at $449,876,355 and are not included in the debt redemption plan. Gross debt stood at $180,083,648 and had been reduced by $3,898,943 in 1958.

The premier said an amendment to the Revenue Act will be presented to the legislature, which, in effect, provides that upon proclamation, with a joint certificate of worth from the deputy minister of finance and the comptroller-general, the lieutenant-governor-in-council may declare that the repayment in full at maturity of the then outstanding direct debt has been duly provided for and that no further sinking fund payments need be made.

INTEREST PAYS

It provides that all direct debt securities of the province in the sinking funds may be cancelled and interest from sinking fund investments be applied to pay the interest on the direct debt.

It also provides that the investments in the consolidated sinking fund account and their earnings may only be used for those purposes and only in relation to the debt outstanding on the day of proclamation.

"Future economic expansion will require ever-growing and costlier public services and our people are entitled to the best that can be provided from a provincial income that is free from the burdensome shackle of fixed debt charges," Premier Bennett said.

Servants Await Details

B.C.'s civil servants were non-committal last night about Premier Bennett's budget announcement of a $1,500,000 expenditure to cover wage increases for them.

"Whatever wage increases the government has included in the budget will be submitted to our members for consideration," said John Murrell, director of organization for the B.C. Government Employees' Association.

No details were given in the budget speech on the nature of the increase.

"If more definite information, when received, indicates the amount is intended to cover the 1959-60 fiscal year, our members will be given an opportunity to decide if they want to accept the offer and if not, what action they want taken," Mr. Murrell said.

Leaders Complain:

Mental Health Still Pinched

An increase of $1,153,647 in the province's mental health budget for 1959-60 fell far short of delighting Victoria leaders in the mental health field.

Premier Bennett's budget address said the additional sum would be spent on mental health and part of it would go to operation of the Tranquille Hospital for mentally retarded patients in the 20-to-40 age group and for an infirmary care home for the aged at Port Coquitlam, to be opened in April.

Kenneth Lowndes, president of the Greater Victoria Association for Retarded Children, said the increase "sounds big on paper, but I think it's peanuts."

He said that more than 700 children were waiting to get into Woodlands School, and that the children needed care 24 hours a day every day. Dividing that and the needs of adults requiring mental treatment into the increase, he said, left nothing.

He estimated the operating cost of an institution to take care of 700 children at $6,000,000 a year.

Mrs. Edith Frankham, president of the Victoria branch of the Canadian Mental Health Association, said she was very pleased to see more money spent on mental health, but, "We won't feel satisfied until we get a treatment centre on Vancouver Island."

Premier Bennett said that in spite of federal sharing of cost, hospital insurance costs in B.C. have risen by $769,865, to $49,500,000.

Premier Bennett said the growing population of the province and the increasing case load in various types of social assistance were reflected in increases in social assistance, $346,000; maintenance of dependent children, $101,000; old-age assistance and blind persons' allowances, $70,000, and disabled persons' allowances, $99,000.

He said the total number of persons receiving social allowances increased from 19,762 in November, 1957, to 32,611 in November, 1958.

Taxpayer's First Question: *Debt Reduction Comes First*

What Is It Going to Do to My Pocket?

By HARRY YOUNG

The first question the taxpayer of B.C. will want to know from Premier Bennett's budget is this: "What it is going to do to my pocket?"

Mr. Bennett has declared there is going to be no change in taxation. This means the five per cent sales tax will remain, as well as the various revenue-producers from the forest and mining industries.

It had been hoped that Mr. Bennett might exempt a number of articles from sales tax —such as meals in restaurants —and the mining industry certainly hoped the unpopular mining taxation would have been changed.

That, however, was not to be. Mr. Bennett is depending for his public support on the reduction of the net debt to a level at which it could be wiped out almost at the stroke of a pen.

The direct debt will disappear within the year, and it is now probably only a token.

Against that, the controversial contingent liabilities—which include borrowings for the B.C. Power Commission, the Pacific Great Eastern Railway, schools, roads and bridges—have risen to a record $449,876,355. This is an increase of more than $50,000,000 from a year ago.

Mr. Bennett says that this huge contingent liability is self-liquidating. He is correct, but a big part of the revenue to make it self-liquidating is still to come out of the taxpayer's pocket.

The taxpayer is not one bit better off if the local taxes he pays for education are part of the net debt or the contingent liabilities of the province. He still has to pay them.

Indeed, under the government's new Assessment Equalization Act, many people, and particularly those in unorganized areas and those living in older-type homes, are actually paying up to 100 per cent more in taxes than they did six years ago when the B.C. government came into power.

Nor are there any indications that the burden of taxation is going to lessen in our debt-free existence.

The total expenditure of the province has grown to $300,401,394 from $99,620,000 in 1952, when the present administration took over.

This jump is, of course, far in excess of the additional population—from 1,165,000 in 1952 to the 1,487,000 in 1958.

At the same time current revenues—what you and I have to pay in taxation of one sort or another—are up to $287,775,000 in 1958 from $106,440,000 in 1952.

In other words, there has been no serious attempt at holding the line, but critics of Mr. Bennett should not jump on this, for the province, like everyone else, is caught in the jaws of inflation, and higher revenues and expenditures for a growing province are inevitable.

As to the proposition posed by Mr. Bennett that the shifting of the liabilities from the direct debt is going to improve the borrowing prospects of the province, the financial houses and banks are critical.

Few bankers will agree that a contingent liability is something that can be expunged from the record of the would-be borrower.

On the other hand, in the bond market B.C. has done as well as most and better than many in its recent fund-raising.

As the provinces have different methods of computing their debts, it is difficult to make comparisons. However, it is noteworthy from the accompanying table that while British Columbia now has the lowest net debt of any province, at $18 per capita; it is second only to Ontario in the extent of its net debt plus contingent liability. This works out at $317 per capita for B.C. and $369 for Ontario.

It is also to be noted that while Ontario and Quebec each have bigger contingent liability totals, in each case this part of the liability is solely in connection with hydro-electric developments.

In British Columbia, where the contingent liabilities are more than 15 times the net debt, the contingent liabilities include a wide variety of services, including schools and highways.

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NET DEBTS AND CONTINGENT LIABILITIES OF 10 PROVINCES

Province	Date	Net Debt	Net Debt per Capita	Contingent Liabilities	Debt and Cont. Liab. per Cap.	Rev. per Cap.	Ord. Exp per Cap.
Alberta	1957	$ 30,179,131	$ 28.13	$ 42,353,837	$ 60	$223	$146
B.C.	1958	27,031,797	18.00	449,876,355	317	188	186
Manitoba	1957	26,330,979	30.62	36,675,392	73	78	79
New Bruns.	1958	117,145,843	203.03	12,952,422	230	103	103
Newf'l'd	1958	53,134,046	93.75	17,561,651	160	112	115
Nova Scot.	1957	166,788,499	237.50	9,092,651	251	85	90
Ontario	1958	818,606,441	141.97	$1,321,784,735	369	102	102
Pr. Ed. Is.	1957	21,591,606	218.00	979,974	225	101	87
Quebec	1958	333,947,524	68.38	560,408,870	183	103	85
Sask.	1958	64,972,233	73.17	7,001,467	81	148	122